

15 Dec 84

MEMORANDUM OF UNDERSTANDING

SUBJECT: Experimental Pay System (Grade Banding) to be Administered in the Office of Communications

1. This memorandum represents the agreement between the Director of Communications and the Director of Personnel on the administration of an Experimental Pay System (EPS) for the Telecommunications Officer and the Electronic Specialist occupations within the Office of Communications (OC). The experiment is authorized for a period not to exceed five years, (beginning 20 January 1985) with a decision to be made by the DCI during this period on the utility of this program as a permanent alternative to the General Schedule (GS) pay system. During the experimental period, the Director of Communications (D/OC) will be charged with the administration of the pay program within the budgetary constraints established by Agency management as well as the guidelines agreed to in this memorandum. The Director of Personnel (D/OP) will be responsible for broad personnel policy governing the administration of the experiment, for evaluating the effectiveness of the experiment in meeting Agency needs, and for recommending continuation, expansion or termination of the experiment to the DCI.

2. The following sections include guidelines for the administration of the experimental pay system: conversion of positions and employees to the EPS; administration of the performance-based compensation system; budgetary constraints and controls on the administration of the EPS system; and general administrative procedures.

CONVERSION CRITERIA:

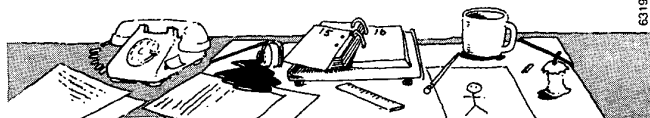
a. The effective date of conversion for the Telecommunication Officers (Panel D) was 20 January 1985; for the Electronic Specialists (Panel N) was 16 March 1986.

(1) All Telecommunications Officers (TCO) and Electronic Specialists (ES) were converted from GS to the appropriate level and increment of the Telecommunications Pay Schedule (TCO Schedule) on the appropriate effective date. All Office of Communications' TCO and ES employees, including those assigned to other Agency components, are included in the EPS.

(2) New employees entering the TCO and ES occupations after the respective effective dates will be placed at the appropriate level and increment on the TCO pay schedule.

**A clean desk is the first sign  
of a misguided career.**

*Revised MOU signed  
by D/Pers only  
Never went anywhere*



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b. At conversion, all employees will be credited with a prorated Within-Grade Increase (WGI) prior to placement on the appropriate EPS level and increment. The prorated WGI will be computed by dividing the completed portion of the time-in-grade by the required time-in-grade of the step and the resulting fraction multiplied by the value of the step.

c. Placement on the TCO schedule for the Telecommunications Officers and the Electronic Specialists will be determined by the following process:

(1) Employee's current salary will be indicated by the GS grade and step.

(2) The employee's current salary will be increased by the prorated WGI due under paragraph 2b.

(3) Employees will be assigned to the EPS level and increment closest to, but not less than the salary determined in 2c(2).

(4) Employees whose converted salary falls into more than one level will be assigned to the appropriate pay level and increment based on conversion criteria approved by the D/OC and D/OP.

d. Employees converted to the GS from the EPS will not be penalized in salary. Employees initially converted to the TCO from a GS grade will be allowed to retain the GS grade originally held, upon conversion from the TCO back to the GS, if the previous GS grade was higher than that allowed under the following conversion chart. Conversions to the GS will be accomplished as follows:

TCO/TCX 1	- increments 1 through 11 to GS-06
TCO/TCX 1	- increments 12 through 22 to GS-07
TCO/TCX 1	- increments 23 through 32 to GS-08
TCO/TCX 2	- increments 1 through 10 to GS-09
TCO/TCX 2	- increments 11 through 22 to GS-10
TCO/TCX 2	- increments 23 through 31 to GS-11
TCO/TCX 3	- increments 1 through 15 to GS-11
TCO/TCX 3	- increments 16 through 30 to GS-12
TOM/TCY 3	- increments 1 through 15 to GS-12
TOM/TCY 3	- increments 16 through 30 to GS-13
TOM/TCY 4	- increments 1 through 15 to GS-14
TOM/TCY 4	- increments 16 through 29 to GS-15

(1) The employee will be placed on the GS step nearest to, but not less than the current salary at the time of conversion back to the GS.

(2) The revised Last Equivalent Increase (LEI) date will be the last date the employee received a performance-based increase under the EPS, or the last equivalent increase under the GS system if no increase was received while under the EPS.

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e. Overtime eligibility for employees placed on the EPS will be determined by the applicable Agency policy on FLSA and Agency overtime. Employees converted to the EPS will be eligible for overtime based on the following criteria:

(1) TCO 1, TCO 2 and TCO 3\* FLSA Non-Exempt - Employees assigned to these Levels are designated as "technical," and will be paid overtime (time and a half up to a maximum of GS 15, step 10, subject to the maximum biweekly earnings allowable under current regulations) for hours worked in excess of 40 hours actually worked per week. (\* A change in Agency policy on overtime eligibility is pending, which will move the TCO 3 from Non-Exempt to Exempt Status).

(2) TCM 3, TCM 4 FLSA Exempt - Employees assigned to these Levels are designated as "professional," and will be paid overtime (time and a half to a maximum of GS 10, step 1, subject to the maximum biweekly earnings allowable under current regulations) for hours worked. Overtime must be directed or approved.

#### PERFORMANCE EVALUATION ADMINISTRATION:

a. Teams composed of OP and OC representatives will familiarize component managers and employees with the EPS and the new performance evaluation procedures. For the EPS, the term "component" is defined as the organizational unit that has been delegated personnel evaluation responsibility.

b. Components will follow the Uniform Promotion System Schedule for the Electronic Specialists for 1986. Beginning in January 1987, the components will adopt and follow the revised evaluation schedule established and used for the Telecommunications Officers.

c. Recommendations for Quality Step Increases (QSI) must be submitted prior to effective date of the EPS. Any QSI approved after the effective date will be awarded as a two increment increase within the assigned Level.

d. A new performance appraisal system will be developed by the Office of Communications and the Office of Personnel to reflect the revised performance evaluation factors identified in the new classification system in the EPS. Performance evaluation will be conducted for employees in the EPS using the existing system until the new performance appraisal system is developed and implemented.

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e. Components will submit completed Performance Appraisal Reports (PAR) and the Performance Assessment Forms (PAF) to Headquarters in accordance with the revised PAR and evaluation schedule. The PAR narratives should address the factors listed on the PAF and the Headquarters Review Board Worksheet.

f. Employees will be evaluated by their branch and division chiefs on an annual basis for performance-based increment increases. The number of increments awarded will be based on the performance evaluation received by the employee. All recommendations for incremental increases will be reviewed by the Headquarters Review Boards and approved by the Director of Communications.

g. The Headquarters Review Boards (HRBs) will use the component PAR and PAF, the established promotion criteria and HRB Worksheets to develop annual rank-order lists, by level, of employees recommended for promotion. The rank-order lists will be submitted to the D/OC for approval.

h. Panel D trainees will normally be awarded 2 increments upon successful completion of an initial 13 week training course and 4 increments upon successful completion of a subsequent 25 week training course. Six months after graduation, Panel D trainees can receive 2 increments based on supervisory certification unless the effective date of the next annual review is within the next ninety days. Each employee will be limited to a maximum of 4 increments per twelve month period. Panel N trainees may be awarded 4 increments every 6 months for the first two years based upon satisfactory performance, satisfying certification criteria, and the supervisor's recommendation.

i. The performance evaluation program for the EPS will incorporate the existing skills certification programs for both the Telecommunications Officers and the Electronic Specialists. The skills certification program ties completion of the primary and secondary job related skills to career development and promotional opportunities.

j. Employees who achieved minimum Full Performance certification prior to conversion to the EPS will be required to meet the equivalent skills of the certification criteria.

k. The PAF should be considered a counseling tool and must be discussed with the employee upon request.

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l. Increments based on employee performance will be recommended as follows: Superior (normally four), Above Average (normally three), Average (normally two), Below Average (may receive one) and None. The value of a performance award is subject to adjustment based on budgetary considerations.

m. The component evaluation should be performed by a panel of employees senior to the Level of the employees being evaluated.

n. The PAR ratings should be objective evaluations of employees' performance, and senior managers shall make every effort to ensure that ratings do not escalate as a result of the EPS. Managers must ensure that incremental increases are performance-based and that the incremental recommendations are handled as equitably as possible. The D/OC will evaluate component chiefs on the effectiveness of their administration of the performance evaluation program.

o. Employees recommended for promotion to the next level must satisfy the prerequisite entry criteria for that level. Employees selected for promotion will be awarded the equivalent of four increments in the level from which promoted, or will be placed in the first increment of the level to which promoted, whichever is greater. The promotion adjustment includes increment increases recommended by the components.

p. Employees whose performance is evaluated as fully satisfactory or above may receive a minimum of one increment increase annually.

q. Category Descriptors have been redefined which reflect the revised performance requirements for TCO and Electronic Specialist employees. New promotion criteria will be developed in conjunction with the expanded certification program for the experiment.

r. A performance bonus award program is established for use with the EPS and will be funded from the budgeted monies. The performance bonus is designed to reward employees who are at the maximum of their pay level and are not selected for promotion; or employees not at the maximum of the level whose performance merits special recognition although not in the form of continual pay reward or cash award under the Agency awards program.

s. Performance bonuses will be paid in equivalent incremental values on a one-time basis. A performance bonus can be the equivalent of from one to four increments within the assigned pay level. Recommendations for performance bonuses will be made by components and approved by the D/OC in conjunction with other annually scheduled pay adjustments.

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#### BUDGETARY ADMINISTRATION OF THE EPS

a. The Comptroller will establish budgetary guidelines for the administration of the EPS which the OC will use, with the approval of D/OP, to develop the proposed distribution of increments for the upcoming fiscal year. The OC will administer the EPS within the available budgeted monies. The proposed distribution of increments will be reviewed annually by the D/OP as part of the cost evaluation process. The number of increments which can be awarded based on the performance categories will be determined from the available budgeted monies.

b. The EPS will be administered subject to budgetary guidelines established by Senior Agency Management.

c. Any federal pay comparability increase will be added to the "pool" of available monies to administer the EPS. Employees under the EPS will normally receive federal comparability increases, however, individual employees are not guaranteed pay adjustments as a result of federal pay comparability. In addition, federal pay comparability increases may be withheld if the employee's performance is rated as marginal and will be withheld if the employee's performance is rated as unsatisfactory.

d. Awards for special accomplishments or performance on special assignments that deserve exceptional recognition will continue to be paid under the Agency Awards Program.

#### GENERAL ADMINISTRATION OF EPS

a. An internal OC appeals procedure will be maintained to address employee complaints concerning pay increases and promotions that cannot be resolved at the first or second level of supervision. Employees are encouraged to attempt to resolve concerns on their performance awards at the lowest supervisory level within OC. If the employee remains unsatisfied with the results of the internal appeal, the employee may request a review of the complaint by the Deputy Director for Administration (DDA). The decision of the DDA will be final.

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b. The Telecommunications Officers and the Electronic Specialists will be placed on the TCO pay schedule with the following titles:

<u>TCO/TCX SCHEDULE</u>	<u>TELECOMMUNICATIONS OFFICER</u>	<u>ELECTRONIC SPECIALISTS</u>
TCO/TCX Level I	Telecommunications Trainee	Field Engineering Trainee
TCO/TCX Level II	Telecommunications Officer	Field Engineering Assistant
TCO/TCX Level III	(not used)	Field Engineer
TQM/TCY Level III	OIC/Communications Operations Officer	Field Engineering Supervisor
TQM/TCY Level IV	Senior Communications Operations Officer	Field Engineering Manager

c. Materials for employee briefings and the administration of the evaluation materials to be used in the EPS will be developed and revised, as required, jointly by OP and OC. The materials developed will reflect the guidelines listed in this memorandum.

d. The Office of Personnel will conduct an ongoing evaluation of the Experimental Pay System experiment in the Office of Communications and submit an annual evaluation of the EPS for DDCI review. In addition, an annual progress report will be prepared for review by the concerned Congressional Oversight Committees. The following information will be provided on an annual basis to OP and will be included in the evaluation of the program and the progress reports:

(1) OP will utilize the statistical reports on the EPS increment distribution and performance ratings prepared from the data furnished by OC on the annual evaluation and increment award exercises. OC will provide any additional information required on the performance bonus distribution and other areas, as requested, to support OP in the development of costs comparisons of the EPS vs. the GS system.

(2) Psychological Services (OMS) will develop and distribute an attitude survey for OC participants by 1 October of each year with an interim report due to OP no later than 1 January of each year. At a minimum, the survey will address employee attitudes towards the Agency and OC, changes in attitude on career development opportunities, employee perceptions of the impacts of banding on career and salary growth, employee and supervisory understanding of the relationship between performance and compensation, and employee understanding of the banding experiment.

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(3) OC will provide specific information to allow OP to develop a written assessment of the experiment's impact on internal and external retention and recruiting efforts for the occupations. The report will incorporate data supplied by OC (names, levels, positions, reasons for leaving OC or for declining employment) as well as statistical information available from the OP databases. The material will be compiled on a fiscal year basis and will be provided to OP no later than 1 January of each year.

(4) OP will evaluate the time required to achieve position classification action under the EPS versus the GS system (after the initial conversion, the level of required reclassification actions is anticipated to be greatly reduced and limited to new positions or efforts required as a result of reorganization). This evaluation will cover the previous fiscal year and be completed by 1 January of each year.

(5) OP will evaluate the changes in the position distribution of the affected occupations (TCO and ES) by level in the EPS vs. the GS system. This evaluation will be completed and included as part of the annual progress report compiled by OP.

f. Any revisions or changes to these guidelines will require the concurrence of the Director of Communications and final approval by the Director of Personnel.

g. Any exceptions to policies established under this experimental pay program require the prior approval of the Director of Personnel.

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Director of Communications

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Date

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Director of Personnel

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Date

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